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6 IN THE UNITED STATES DISTRICT COURT
7 FOR THE DISTRICT OF ARIZONA

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9 Securities and Exchange Commission,
10 Plaintiff,
11 vs.
12 David M. Loflin,
13 Defendant.

No. CV-19-2548-PHX-JJT

JUDGMENT AS TO DEFENDANT
DAVID M. LOFLIN

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15 The Securities and Exchange Commission having filed a Complaint (Doc. 1) and
16 Defendant David M. Loflin having entered a general appearance; consented to the Court's
17 jurisdiction over Defendant and the subject matter of this action; consented to entry of this
18 Final Judgment without admitting or denying the allegations of the Complaint (except as
19 to jurisdiction and except as otherwise provided herein in paragraph VII); waived findings
20 of fact and conclusions of law; and waived any right to appeal from this Final Judgment:

21 I.

22 IT IS HEREBY ORDERED that Defendant is permanently restrained and enjoined
23 from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934
24 (the "Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder
25 [17 C.F.R. § 240.10b-5], by using any means or instrumentality of interstate commerce, or
26 of the mails, or of any facility of any national securities exchange, in connection with the
27 purchase or sale of any security:
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- 1 (a) to employ any device, scheme, or artifice to defraud;
- 2 (b) to make any untrue statement of a material fact or to omit to state a material
- 3 fact necessary in order to make the statements made, in the light of the
- 4 circumstances under which they were made, not misleading; or
- 5 (c) to engage in any act, practice, or course of business which operates or would
- 6 operate as a fraud or deceit upon any person.

7 IT IS FURTHER ORDERED that, as provided in Federal Rule of Civil Procedure
8 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this
9 Judgment by personal service or otherwise: (a) Defendant's officers, agents, servants,
10 employees, and attorneys; and (b) other persons in active concert or participation with
11 Defendant or with anyone described in (a).

12 II.

13 IT IS FURTHER that Defendant is permanently restrained and enjoined from
14 violating Section 17(a) of the Securities Act of 1933 (the "Securities Act") [15 U.S.C.
15 § 77q(a)] in the offer or sale of any security by the use of any means or instruments of
16 transportation or communication in interstate commerce or by use of the mails, directly or
17 indirectly:

- 18 (a) to employ any device, scheme, or artifice to defraud;
- 19 (b) to obtain money or property by means of any untrue statement of a material
- 20 fact or any omission of a material fact necessary in order to make the
- 21 statements made, in light of the circumstances under which they were made,
- 22 not misleading; or
- 23 (c) to engage in any transaction, practice, or course of business which operates
- 24 or would operate as a fraud or deceit upon the purchaser.

25 IT IS FURTHER ORDERED, that, as provided in Federal Rule of Civil Procedure
26 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this
27 Judgment by personal service or otherwise: (a) Defendant's officers, agents, servants,
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1 employees, and attorneys; and (b) other persons in active concert or participation with
2 Defendant or with anyone described in (a).

3 III.

4 IT IS FURTHER ORDERED that Defendant is permanently restrained and enjoined
5 from violating Section 5 of the Securities Act [15 U.S.C. § 77e] by, directly or indirectly,
6 in the absence of any applicable exemption:

- 7 (a) Unless a registration statement is in effect as to a security, making use of any
8 means or instruments of transportation or communication in interstate
9 commerce or of the mails to sell such security through the use or medium of
10 any prospectus or otherwise;
- 11 (b) Unless a registration statement is in effect as to a security, carrying or causing
12 to be carried through the mails or in interstate commerce, by any means or
13 instruments of transportation, any such security for the purpose of sale or for
14 delivery after sale; or
- 15 (c) Making use of any means or instruments of transportation or communication
16 in interstate commerce or of the mails to offer to sell or offer to buy through
17 the use or medium of any prospectus or otherwise any security, unless a
18 registration statement has been filed with the Commission as to such security,
19 or while the registration statement is the subject of a refusal order or stop
20 order or (prior to the effective date of the registration statement) any public
21 proceeding or examination under Section 8 of the Securities Act [15 U.S.C.
22 § 77h].

23 IT IS FURTHER ORDERED that, as provided in Federal Rule of Civil Procedure
24 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this
25 Judgment by personal service or otherwise: (a) Defendant's officers, agents, servants,
26 employees, and attorneys; and (b) other persons in active concert or participation with
27 Defendant or with anyone described in (a).

IV.

IT IS FURTHER ORDERED that, pursuant to Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)] and Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], Defendant is prohibited from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

V.

IT IS FURTHER ORDERED that Defendant is permanently barred from participating in an offering of penny stock, including engaging in activities with a broker, dealer, or issuer for purposes of issuing, trading, or inducing or attempting to induce the purchase or sale of any penny stock. A penny stock is any equity security that has a price of less than five dollars, except as provided in Rule 3a51-1 under the Exchange Act [17 C.F.R. § 240.3a51-1].

VI.

IT IS FURTHER that Defendant shall pay disgorgement of ill-gotten gains, prejudgment interest thereon, and a civil penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]. The Court shall determine the amounts of the disgorgement and civil penalty upon motion of the Commission. Prejudgment interest shall be calculated from May 2, 2017, based on the rate of interest used by the Internal Revenue Service for the underpayment of federal income tax as set forth in 26 U.S.C. § 6621(a)(2). In connection with the Commission's motion for disgorgement and/or civil penalties, and at any hearing held on such a motion: (a) Defendant will be precluded from arguing that he did not violate the federal securities laws as alleged in the Complaint; (b) Defendant may not challenge the validity of the Consent or this Final Judgment; (c) solely for the purposes of such motion, the allegations of the Complaint shall be accepted as and deemed true by the Court; and (d) the Court may determine the issues raised in the motion on the basis of affidavits, declarations, excerpts

1 of sworn deposition or investigative testimony, and documentary evidence, without regard
2 to the standards for summary judgment contained in Rule 56(c) of the Federal Rules of
3 Civil Procedure. In connection with the Commission's motion for disgorgement and/or
4 civil penalties, the parties may take discovery, including discovery from appropriate non-
5 parties.

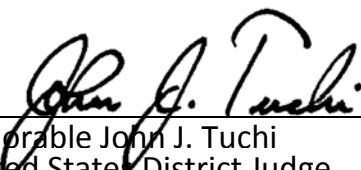
6 VII.

7 IT IS FURTHER ORDERED that, solely for purposes of exceptions to discharge
8 set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the allegations in the
9 complaint are true and admitted by Defendant, and further, any debt for disgorgement,
10 prejudgment interest, civil penalty or other amounts due by Defendant under this Final
11 Judgment or any other judgment, order, consent order, decree or settlement agreement
12 entered in connection with this proceeding, is a debt for the violation by Defendant of the
13 federal securities laws or any regulation or order issued under such laws, as set forth in
14 Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

15 VIII.

16 IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this matter
17 for the purposes of enforcing the terms of this Final Judgment.

18 Dated this 26th day of April, 2019.

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21 Honorable John J. Tuchi
22 United States District Judge
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